

The complaint

Mr C is being represented by a claims manager. He's complaining about Lloyds Bank PLC because it declined to refund money he lost as a result of fraud.

What happened

Sadly, Mr C fell victim to a cruel investment scam after seeing an investment scheme advertised online. Between December 2020 and October 2022, he made approximately 100 payments to the scam totalling around £65,000. The largest payment was on 10 December 2020 for £4,261 but the rest were for lower amounts, mostly less than £1,000. These payments were sent to a selection of cryptocurrency accounts in Mr C's own name before the currency purchased was transferred to the scammers.

Our investigator didn't recommend the complaint be upheld. He didn't think Lloyds should have identified the payments as particularly unusual for Mr C or that they required further intervention, noting that he'd made a number of payments to cryptocurrency in the preceding months.

Mr C didn't accept the investigator's assessment. His representative pointed out that the payments were to a selection of payees he hadn't used before and said the fact they were international payments facilitated by Electronic Money Institutions (EMIs) based overseas and to cryptocurrency exchanges means Lloyds should have identified there was a heightened risk they were associated with fraud.

The complaint has now been referred to me for review.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I've reached the same overall conclusions as the investigator. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

There's no dispute that Mr C authorised these payments. In broad terms, the starting position at law is that a bank is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, '*authorised*' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

There are, however, some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's

authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Lloyds also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Lloyds acted fairly and reasonably in its dealings with Mr C.

The payments

I must take into account that many similar payment instructions Lloyds receives will be entirely legitimate. I also need to consider its responsibility to make payments promptly.

Having considered what Lloyds knew about the payments at the time, I'm not persuaded it ought to have been particularly concerned. A review of Mr C's banks statements appear to show he'd been actively investing in cryptocurrency for some time. I counted eight separate payments to a cryptocurrency exchange between September 2019 and December 2020, one of which was for over £1,300. The statements also show he'd made other payments, one for over £1,500, to another investment company.

While I'd now expect banks to recognise these types of transactions carried a higher risk of being associated with fraud, this connection was less prominent at the time most of these payments were made. And against a background in which Mr C had been making regular payments to high-risk investments without any reported concerns, I don't think the payments raised in this complaint would have seemed unusual or out of character for him. Further most were relatively low in value and while there was a large number of payments, they were spread out over a period of nearly two years. I realise these payments went to new payees based overseas and that the payment on 10 December 2020 was larger than what had gone before. But, on balance, I don't think they represented such a significant change in behaviour or presented a level of risk that meant further intervention by the bank was required.

Based on the circumstances of the payments in this case, I don't think there were sufficient grounds for Lloyds to think Mr C was at risk of financial harm from fraud and I can't reasonably say it was at fault for processing them in line with his instructions.

I think it's also relevant to note here that it wouldn't automatically follow that Mr C would receive a return of some or all of his money if I were to conclude the bank should have intervened further. To make such an award, I'd also need to be satisfied an appropriate intervention by the bank would have uncovered the scam and prevented him from wanting to go ahead with the payments. Mr C's representative has set out the reasons why he believed the investment scheme was genuine in some detail and due to the amount of time that's now passed, and in the absence of records of his communications with the scammers, I don't think I have sufficient evidence to fairly reach that conclusion in any event.

I want to be clear that it's not my intention to suggest Mr C is to blame for what happened in any way. He fell victim to a sophisticated scam that was carefully designed to deceive and manipulate its victims. I can understand why he acted in the way he did. But my role is to consider the actions of Lloyds and, having done so, I'm not persuaded these were the cause of his losses.

Recovery of funds

I've also looked at whether Lloyds could or should have done more to try and recover Mr C's losses once it was aware that the payments were the result of fraud.

I understand Mr C didn't tell Lloyds about the scam until October 2025, nearly three years after the last payment was made. It's a common feature of this type of scam that the fraudster will move money very quickly to other accounts once received to frustrate any attempted recovery and any money that hadn't already been moved on from his cryptocurrency accounts would still have been available for him to access.

In respect of the payments made by transfer, Mr C isn't eligible for any refund under the industry's reimbursement scheme for authorised push payment (APP) fraud as this doesn't cover payments to overseas accounts or accounts in the claimant's own name. In terms of the card payments, the correct method for recovering these would be the chargeback scheme but the normal timeframe for making a chargeback claim had long expired by the time the scam was reported.

In the circumstances, I don't think anything that Lloyds could have done differently would likely have led to these payments being successfully recovered.

In conclusion

I recognise Mr C has been the victim of a cruel scam and I'm sorry he lost this money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I think Lloyds acted fairly and reasonably in its dealings with him and I won't be telling it to make any refund.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 5 March 2026.

James Biles
Ombudsman